

## Message Text

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15

ACTION AF-18

INFO OCT-01 ADP-00 CIAE-00 DODE-00 PM-09 H-02 INR-10 L-03

NSAE-00 NSC-10 PA-03 RSC-01 PRS-01 SS-15 USIA-12 EB-11

COME-00 SCEM-02 INT-08 OEP-01 TRSE-00 OMB-01 CIEP-02

RSR-01 NEA-10 /121 W

----- 122504

R 070816 Z MAY 73

FM AMEMBASSY TRIPOLI

TO SECSTATE WASHDC 0027

INFO AMEMBASSY TUNIS

C O N F I D E N T I A L SECTION 2 OF 2 TRIPOLI 0587

8. DISCUSSION ON PARITY TALKS WAS, NECESSARILY, ONE IN WHICH REPS EXPRESSED OPINIONS AND OFFERED CHARGE BASIC BACKGROUND INFORMATION RATHER THAN UP TO DATE, DETAILED INFO. SHAFER CHARACTERIZED CURRENT PARITY ISSUE AS ATTEMPT BY LIBYA'S MABRUK AND OTHER " RELATIVE RADICALS" TO ALTER AND IMPROVE PRODUCING COUNTRIES' DEAL OVER THAT WON BY SAUDI ARABIA'S YAMANI AND OTHER " RELATIVE CONSERVATIVES" IN MOST RECENT PARITY AGREEMENT. SHAFER SAYS YAMANI AND THE " CONSERVATIVES" ARE DISASSOCIATING THEMSELVES FROM THE RADICALS AT THIS POINT BECAUSE THEY CANNOT OPENLY REPUDIATE A DEAL THEY SO RECENTLY MADE WITH COMPANIES. THE " CONSERVATIVES" WILL, NEVERTHELESS, GLADLY TAKE WHATEVER THE " RADICALS" OBTAIN. SHAFER AND MERRILL DESCRIBE BASIC POSITION OF COMPANIES AS DESIRE TO MAINTAIN PRESENT PARITY FORMULAS WHILE PRODUCERS WANT TO ESTABLISH DOLLAR/ GOLD PARITY AS FLOOR FOR PRICE CALCULATIONS. COMPANIES' PREPARED TO MAKE PRESENT FORMULAS MORE " RESPONSIVE" TO FLUCTUATIONS BY : ( A ) CHANGING MARGIN OF CHANGE AT WHICH PARITIES ARE RECALCULATED FROM 2 TO 1 PER CENT, ( B ) CHANGING PARITY CALCULATION INTERVAL FROM QUARTERLY TO MONTHLY, AND ( C ) SHORTENING CURRENT INTERVAL BETWEEN CALCULATION AND APPLICATION OF PARITY CHANGES FROM 45 TO 15 DAYS.

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9. SHAFER OFFERED NO GUESSES ON OUTCOME OF CURRENT PARITY ROUND. MERRILL AND ROONEY RAISED POSSIBILITY THAT IF OPEC ROUND NOT SATISFACTORY TO LIBYANS, LARG MAY SIMPLY LEGISLATE THE PARITY THEY WANT.

10. COMMENT: SHAFER'S OPTIMISM ON POSSIBILITIES FOR  
ACCEPTABLE DEAL WITH LARG WAS NOTABLE. THE OTHER REPS,  
HOWEVER, DID NOT MIRROR HIS CONFIDENCE. MERRILL'S  
COMMENT THAT MABRUK AND JALLUD SHOULD BE TAKEN SERIOUSLY  
WHEN THEY TALK ABOUT "NO DELAY" IS ONE INDICATION OF  
LESS THAN UNANIMOUS CONFIDENCE. ANOTHER WAS MARKED  
DIFFERENCE IN ATTITUDES OF SHAFER AND MANAGERS WHO  
FORCED WORK IN- COUNTRY ON COMMITTEES PROBLEM. GLOSS'  
COMMENT THAT SHAFER'S BELIEF IN ULTIMATE MANAGEABILITY  
OF COMMITTEE PROBLEMS WAS A LUKEWARM COMMENT: "THAT'S  
A VERY LONG RANGE PERSPECTIVE". THE COMPANIES MAY BE  
IN FOR MUCH MORE TROUBLE THAN SHAFER IS WILLING TO  
ADMIT, THOUGH IT IS PROBABLY TRUE THEIR CURRENT PASSPORT  
PROBLEM WILL EASE SOONER OR LATER.  
JOSIF

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